

Blog / Taxi App

# Careem Business Model Explained: A Closer Look at UAE's Ride-Hailing Success

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**Quick Summary:** Careem is a super app in the Middle East that lends various services, from taxis to food, grocery, and online payments. Are you a startup willing to create a similar app to attract an audience from several industries? You need to understand Careem's business model, revenue streams, and how the app works to do that. Check out this blog to get the details.

Have you ever heard about an on-demand app that provides several services under one brand? Careem is one such app. Founded in 2012 by Mudassir Sheikha and Magnus Olsson, the company started as a website-based service for corporate car bookings.

Careem is everything app. Want to book a ride or make online payments? Or want to order groceries and food online? It's all possible with the Careem app. The Careem business model is designed to empower customers to do everything from a single platform, providing quick solutions to all their problems.

This Dubai-headquartered app has successfully **completed over 1 million rides**. This famous brand in the Middle East has **over 2.5 million captains** registered to the app. These numbers prove that Careem is one of the best problem-solving apps for the target audience who want to commute from one place to another.

But what is Careem's business model that makes it so successful? What are its revenue streams, and how Careem works?

With our blog, you will get detailed answers to all these questions. Also, discover the cost of building an app like Careem.

## How Careem Evolved- A Quick History

Before we begin to talk about the details of Careem and how it became a super app, let's look at the background of this brand. A website-based service that was launched to let corporations book cabs today provides all necessary services from food delivery to grocery, pharmacy, and online payments.



The table below shows how the Careem brand evolved over the years.

2012	Careem was founded in Dubai as a website-based service for corporate car bookings.
2013	Careem launched its first mobile app and expanded to Riyadh and Saudi Arabia.
2014	Careem expanded to Cairo, Egypt and raised \$6 million in Series A funding.
2015	Careem expanded to six more cities in the Middle East and North Africa. The company launched Careem Now- a food delivery service.
2016	Careem expanded to Turkey and Pakistan. It launched Careem Pay- a digital payment platform.
2017	Careem expanded to 10 more cities in the Middle East, Africa, and South Asia. It launched Careem Chauffeur, a service that lets passengers book a private driver.
2018	Careem expanded to 15 more cities in the Middle East, Africa, and South Asia.
2019	Careem expanded its services to 20 more cities in the Middle East, Africa, and South Asia. It was acquired by Uber for \$3.1 billion USD.
2020	Careem launched Careem Trips-services that lets passengers book rides with Uber drivers.
2021	Careem expanded to 25 more cities in the Middle East, Africa, and South Asia.
2022	Careem expanded to 30 more cities in the Middle East, Africa, and South Asia.

## How is Careem a Super App?

For the greater Middle East audience, Careem is a super app that provides four essential services: food delivery, grocery delivery, online payments, and taxi services. Let's take a look at these services one by one.

### 1. Taxi services

Begun as its first model, Careem's online taxi booking services are one of the leading brands in the Middle East. Its services cover **12 countries and 100+ cities** across the Middle East, Africa, and South Asia regions. It provides 3 car types categories: budget, standard, and premium.

Since 2012, Careem has had **over 50 million customers** registered to the app who have earned a seamless experience through this platform. Careem taxi services are convenient, reliable, safe, and affordable. Customers may quickly book rides, follow their drivers in real-time, and take advantage of safe and comfortable transportation with the help of a user-friendly mobile application. Drivers who have undergone background checks and are dedicated to offering excellent customer service make up Careem's fleet.



## 2. Food delivery services

One of its leading services, Careem, also deals in the on-demand food delivery industry. Careem offers food delivery services through its super app, allowing users to conveniently order various meals from partner restaurants and deliver them to their doorstep. The app has **7000+ restaurants registered** to its platform, providing a seamless experience to its users.

It also ensures that its customers get a wide variety of cuisines delivered to their doorstep. The app provides an engaging UI/UX, empowering users to easily browse menus, place orders, and track deliveries in real time. Further, food lovers can make payments through cash, cards, or Careem's digital wallet. Careem prioritizes customer safety and satisfaction in its food delivery services.

**Are you planning to launch your food delivery business?**

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## 3. Grocery delivery services

Careem Quik groceries makes it simple for users to order needed groceries. Buyers can get everything from fresh fruits & veggies to snacks and household items through a single platform. Quik groceries are available 24/7, making it highly accessible for users to buy whenever needed.

Careem Quik groceries have various pharmacies, pet supplies, supermarkets and more registered to the app. Therefore, customers get multiple options to buy online with complete safety. Its minimum order amount is AED 20. The delivery charges are based on the distance, and it charges a **3% fee on pre-discounted basket value**.

The app also ensures that the users get an extraordinary grocery shopping experience. Users can track their delivery orders in real time and receive groceries at their preferred location. Careem enables users to save time and effort by having their groceries delivered conveniently, making it easier to manage their shopping needs.

 Building a brand in the online grocery delivery industry? Check out the blog: [How To Start An Online Grocery Delivery Business From Scratch In 2023?](#)

## 4. Online payments

Who doesn't need a platform that makes paying and receiving money quick and completely secure? The super app Careem also lends online payment services to its valuable customers. Their services aim at enhancing convenience and safety by eliminating the need for physical cash transactions.

This service has helped several clients, and the number proves it. Careem pay has already crossed **over 3 billion transactions** and has over 7 million cards on file. Careem's online payment services allow users to gain excellent and hassle-free transactions. Overall, Careem's



💡 Want to start your business in the Middle East? Check out the blog: [Top 11 Business Opportunities to Explore in the Middle East](#)

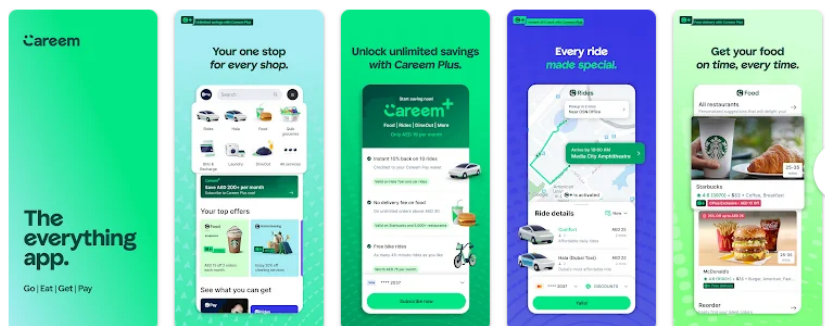
## Careem Business Model- How the App Works?

How Careem works? Careem's business model is straightforward and designed with the latest technology to make it easier for its users to get from one place to another. Its on-demand taxi booking services include a captain app, passenger app, and admin dashboard.

Aspect	Description
Service type	Ride-hailing and related services.
Target market	Individuals seeking convenient transportation options, primarily in the Middle East and North Africa (MENA) region.
App platform	Mobile application available on iOS and Android devices.
Competitive edge	<p><b>Localization:</b> Tailored services for MENA region's cultural and logistical nuances.</p> <p><b>Safety focus:</b> Stringent driver screening and in-app safety features.</p> <p><b>Customer trust:</b> Established brand reputation and customer loyalty.</p> <p><b>Diverse services:</b> Expansion into deliveries and other transportation options.</p>

### 1. Captain app

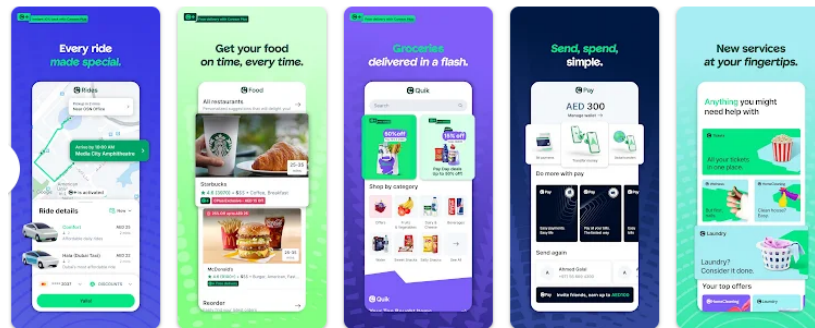
The Careem Captain App is an application created for people who desire to work as Careem drivers, also referred to as "Captains." Potential Captains can complete the driver onboarding process through this app, provide the necessary paperwork for verification, accept ride requests from customers, find pick-up and drop-off locations, manage their earnings, interact with customers, update their profile information, and get customer support—all through a user-friendly interface made specifically for drivers in the Careem network. The app includes all the necessary features mentioned below:



- Navigation assistance
- Real-time ride updates
- Earnings tracking
- In-app communication
- Customer rating and feedback
- Promotions and incentives
- Support and assistance

## 2. Passenger app

The user-friendly passenger app for Careem's taxi service enables people to conveniently book rides by entering pick-up and drop-off locations, choose from a variety of vehicle options, track the real-time location of their assigned vehicle, make payments using a variety of methods, including cash and digital options, access safety features like sharing ride details and emergency assistance, review previous rides, exploit discounts, and connect with custodial staff. Its features include:



- Ride booking
- Multiple ride options
- Real-time tracking
- Estimated fare information
- Secure payment options
- Safety features
- Rewards and offers
- Trip history
- Multilingual support

## 3. Admin dashboard

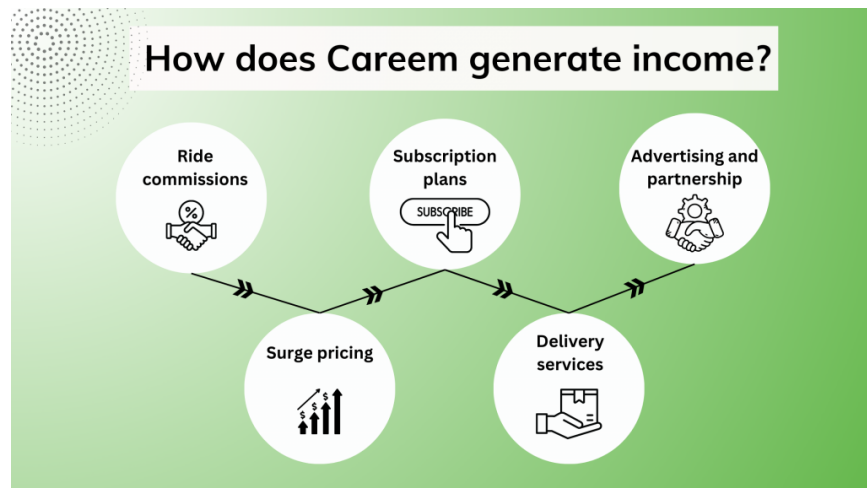
The third pillar is the admin dashboard. The admin has complete control over all the operations and can manage these effortlessly through a single dashboard. The admin gets full control, from managing drivers and riders to setting up fares and tracking each ride. The app is built with all the required features:



- Vehicle tracking
- SSM alerts
- System configuration and settings
- Geolocation and mapping
- User and driver management
- Ride management

## Careem Revenue Streams- How it Makes Money?

How is Careem so profitable? Its **estimated annual revenue is \$1 billion**. Careem follows a number of revenue streams in order to make money. These are as follows:



### 1. Commission from rides

For Careem, "Commission from Rides" is a crucial income source supporting its ride-hailing business model. Careem retains a percentage of the fare passengers pay for each completed ride through its platform as a source of income. The cost of a ride is determined by variables including distance and wait time when a passenger uses the Careem app to book a ride. Following the completion of the ride, Careem deducts its commission, denoted by the commission rate, from the total fare. The remaining sum is the driver's (the Captain's) compensation for providing the transportation.

### 2. Surge pricing

Careem uses surge pricing as a dynamic pricing approach and a source of income. An algorithm that considers demand and supply can cause the fare for rides to temporarily spike during times of high demand, such as rush hours or events. More drivers will become available due to the surge pricing, ensuring effective service even during busy hours. Careem can more efficiently balance supply and demand while taking advantage of increased user activity and preserving consistent service quality thanks to the additional fare generated by surge pricing.

### 3. Subscription plans



Another famous revenue model followed by Careem is the subscription plan. By giving

source or income. These programs promote customer loyalty and regular use, which increases platform engagement and improves the overall customer experience while generating predictable and dependable revenue for Careem.

## 4. Delivery services

By extending its services beyond ride-hailing, Careem can generate revenue through delivery services. Careem enters the delivery business to transfer items, groceries, or food using its current infrastructure and driver network. This revenue-generating tactic takes advantage of the rising demand for convenience, especially in urban areas. These delivery services are paid for by Careem, which increases its revenue while expanding its user base and relevance in their everyday lives.

## 5. Advertising and partnership

Careem works with companies to market their goods and services to captive audiences of passengers as part of partnerships and advertising campaigns. Careem makes money through advertising fees and commissions on platform-generated transactions by putting advertisements on the app or on vehicles, collaborating with brands for marketing initiatives, and displaying advertisements on vehicles and in the app itself. This tactic takes advantage of Careem's large user base and the focus that passengers place on the app while they are riding, enabling marketers to reach a specific audience while Careem gains from enhanced income diversification.

# How Much Does it Cost to Build an App Like Careem?

Does the idea of Careem inspire you? If you want to build a super app like Careem, you must have questions about its development cost. The actual price can only be described after understanding your business goals and project needs.

On average, the cost to create an app like Careem can range anywhere from \$15,000 to \$60,000. Further, this cost can fluctuate depending on several factors, like the number of features, app complexity, design, platforms, and the location of the development team.

## Want to Build a Super App Like Careem?

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### Key Takeaways

- Careem is a super app as it provides various services in a single platform, from taxis to food, groceries, and online payments.
- From a website-based taxi service in 2012, Careem has expanded over the Middle East, Africa, and South Asia.
- Its services prioritize user convenience, offering multiple ride options, diverse cuisine, grocery delivery, and secure online transactions.
- The brand generates revenue through several streams like ride commissions, surge pricing, subscriptions, deliveries, and ads.
- Creating an app like Careem can cost between \$15,000-\$60,000. This price can further vary based on factors like the number of features, platforms, design complexity, and so on.

## Frequently Asked Questions:

### Q1. What is a super app?

A super app is a single platform or application that provides many services and functionalities. It enables users to access several services simultaneously, including ride-hailing, food delivery, shopping, financial services, etc.

### Q2. Is Careem a profitable company?

Launched in 2012, Careem has expanded its services to about 100 cities and 12 countries. It also provides various services, including food, grocery, pharmacy, taxi, and online payments.

### Q3. How does Careem create value for its customers?

Careem adds value for its users by offering multiple ride options and a user-friendly mobile app for booking rides, ensuring secure payment methods, prioritizing passenger safety and satisfaction, and providing a seamless and enjoyable transportation experience overall.

### Q4. Is Careem owned by Uber?

Yes, Careem is owned by Uber, as Uber acquired Careem in March 2019 in a deal worth \$3.1 billion, making Careem a subsidiary of Uber.

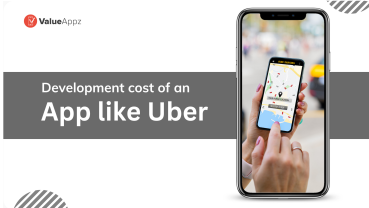
### Q5. What is Careem's business model?

Careem's business model is based on connecting passengers with drivers, earning revenue through commissions on each ride, and implementing surge pricing.



the latest trends and customers' changing demands. Hence, I focus on content that updates the readers in-depth about the industry.

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

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